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Marty is not concerned that the subdividing of resorts will curtail the business, even though this means the cabins become individually owned and are occupied for but a few weeks each season. "These resorts (those subdivided) are the types tourists don't want."

Too many resort owners, Marty said, "operate thinking that, when we get the people, we will give them something. . . . You've got to have something to get the people."

Marty disagrees with the northwoods businessmen who are critical of the camping boom.

"Some families pay more for a camper (in rental) than they would pay for a good cottage. They are good for the economy."

He is critical of the resorts which put out brochures with photos of beaches, the rooms and the bar—but not a single photo of the wild animals of the northwoods which he believes are the "greatest asset" of the area.

ANIMALS CARED FOR

"Why has the conservation department, in its management of wildlife, given primary consideration to the gun carrying conservationist?" Marty asked. "It's a throwback to the turn of the century, and leaves the department almost totally dependent on license income."

Marty is disturbed that "there is not in the state of Wisconsin today a single natural refuge where wildlife can be predictably seen in their natural state. This could be made available to the state on privately owned land at practically no expense."

"I'm not opposed to hunting," he declared, "but we don't need 100% of the land for hunting."

U.S. FOREIGN AND EXPORT POLICIES FOR THE AGRICULTURAL SECTOR—ADDRESS BY MICHEL FRIBOURG

HON. WALTER F. MONDALE

OF MINNESOTA

IN THE SENATE OF THE UNITED STATES

Tuesday, May 28, 1968

Mr. MONDALE. Mr. President, last week at the World Trade Conference in Minneapolis, Minn., Mr. Michel Fribourg gave a definitive statement on the ramifications of U.S. foreign and export policies for the agricultural sector. Mr. Fribourg is president and chairman of the board of Continental Grain Co.; therefore, his views have special importance for all of us interested in the future of agricultural exports.

I ask unanimous consent that his speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

CAN U.S. AGRICULTURE MAINTAIN ITS DOMINANT POSITION IN WORLD TRADE?

(By Michel Fribourg, president and chairman of the board of Continental Grain Co., at the World Trade Conference, Minneapolis, Minn., May 21, 1968)

Gentlemen, I appreciate the privilege and honor of participating in this Conference on Foreign Trade Policy.

Today, we are faced with a situation that causes real concern for all of us involved in foreign trade policy matters. The Chairman of the Federal Reserve Board, William Martin, said recently that "We are in the midst of the worst financial crisis we have had since 1931." And yet the nation's business is in the eighth year of its longest uptrend in history. American production has never been higher than right now. Is this a contradic-

tion? Is Mr. Martin exaggerating? I believe not. Mr. Martin himself adds, "It is not a business crisis, but a financial crisis." For the past two years a booming economy, combined with a lack of proper financial restraint on the part of our Government, has created an increasing inflation. In addition, a 10 year balance of payments deficit has reduced our gold stocks to a point where international confidence in the U.S. dollar has been badly shaken. In the month of March, for the first time in many years, our balance of trade was unfavorable.

My purpose is not to dwell on these serious and general problems but to relate them to the area of my business activities—the agricultural trade. Exports of agricultural products, particularly those handled by my company: grains, oilseeds and their by-products, are major contributors both to our balance of trade and our foreign aid programs. U.S. commercial agricultural exports amounted to 5.2 billion dollars in 1967, representing 19% of the total U.S. commercial exports of 27 billion dollars. They exceeded any other major category of U.S. commercial exports.

The importance of agricultural exports in terms of what they mean to the national economy is generally not fully understood or appreciated. This is because we tend to think of agriculture in terms of farms and farmers. But today agriculture is industrialized. It should be viewed as a converter of the products of industry into food and fiber; in other words, as agribusiness.

The value of purchased inputs in agribusiness is surprisingly large. Among America's 12 largest industries, agriculture comes first in spending for equipment. Farming alone uses the output of 20% of our petroleum and rubber industries, 15% of our motor vehicle industry, and 10% of our chemical industry. Agricultural products provide a major source of revenue for our different types of transportation. Agribusiness, directly or indirectly, provides 3 out of every 10 jobs in the U.S. Now, when you consider that we export the output of one out of every four acres of grain under production, you can understand the importance of agricultural exports to our basic industries. When we export grain, we are also exporting the output of a broad segment of our economy.

Continental, as a major grain company, favors an aggressive policy of trade liberalization. We also firmly believe that it is in the best interest of all major industries to take a similar stand, though certain special interests can be hurt in doing so. The U.S. will have to make certain concessions to gain liberalization. But the alternative of returning to a policy of protectionism, which is advocated by a few powerful groups, would be disastrous to our overall economy. We have supported such efforts as the GATT negotiations inasmuch as they would achieve freer trade. But we have objected to restrictive aspects of the proposed International Grains Arrangement which, in my view, threatens the ability of the U.S. to compete freely for world markets.

I have wholeheartedly endorsed the creation of free trade areas of economic units such as the European Economic Community and the Latin American Free Trade Agreement, even though these entities make it tougher every day for our agricultural commodities to enter these sectors. There is no doubt that the European Common Market, while it has succeeded in eliminating tariffs amongst its members, has erected barriers against third countries such as the U.S. Particularly in the agricultural field, Europe is striving, through high internal support prices, to become more and more self-sufficient. In South America, the Latin American Common Market, still in its infancy, has established certain advantageous tariffs for its members. Argentine wheat is already displacing U.S. wheat in some Latin grain importing countries. We can visualize that, one day, the Far East may form another eco-

nomie group, which would favor Australia, the major grain exporter in that part of the world. This would be to the detriment of the U.S. who is a prime exporter to the Far East. It would appear, therefore, that U.S. agriculture is becoming increasingly isolated.

There is no question in my mind that our agricultural exports face a growing challenge. But I believe we can pursue a program which will create a dynamic expansion in our farm exports. At all times, we should follow a policy of fully competitive international grain prices. Further, we should exhort all countries, especially the grain importing ones, to lower their interior prices, thereby contributing to an increasing standard of living worldwide.

It seems evident to me that the efforts of economic blocs, to become more nearly self-sufficient in agriculture, when they do not have a comparative advantage to do so, are doomed eventually to failure, for it inhibits economic growth in several ways. First, excessive use of labor and capital in agriculture limits their utilization in those non-farm industries which can produce goods efficiently. This has been specially true in the EEC where serious nonfarm labor shortages have caused a substantial inflation the last few years. But perhaps more important, grain prices have been kept artificially high to promote self-sufficiency, thereby creating high food costs. Consumers then spend a large percentage of their income on food and less on other consumer goods and services. Lower food costs would have the opposite effect. The standard of living rises as a larger share of personal income becomes available for non-food consumer goods. Increased demand in these industries expands employment and creates more disposable income. In effect, a reduction in food costs will stimulate economic growth, as would a reduction in taxes.

I favor the principle that each country, or economic bloc, should produce goods for which it has the greatest advantage, and be willing to import what can be produced by others more economically. This, of course, requires major adjustments; but why could they not be achieved? The European Common Market, though it has not applied this policy towards the outside world, has done so internally. The GATT agreement can also be considered as a first step toward the long range economic goal of an Atlantic Community. This trade liberalization would considerably benefit our agriculture, which is the most efficient in the world today.

There are a number of actions the United States can take unilaterally to expand commercial exports of agricultural products. We must first recognize that we cannot dissociate our domestic from our international policies. Our exports of grains and oilseeds have expanded much more rapidly than our domestic usage. We cannot have a rapidly expanding and prosperous agriculture without a growth in exports.

Our agricultural policy has been domestically, rather than internationally, oriented. We have pursued a policy based on short run expediency rather than a policy designed to utilize the potential of our agricultural resources for increasing the nation's economic strength and the quality of its society. Our primary objective of improving farmers' income has been achieved by maintaining high domestic prices and restricting production instead of expanding sales in open competition in world markets.

Withdrawal of agricultural resources is best illustrated by our land use policies. In 1968, about one-fourth of the total acreage normally used for cereal grains and soybeans, will be kept idle. Prospects are that wheat acreage for 1969 will be less than two-thirds as large as in the early fifties when government controls were first instituted.

Contrast this performance with other major wheat exporting countries. In the past decade Canada expanded its wheat acreage

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more than one-third and Australia doubled its wheat acreage. During that time, we have also witnessed the European Common Market shift from a net importer to a net exporter of wheat. The same is true of such countries as Mexico, Greece and Spain. Furthermore, their exports are on commercial terms whereas about 1/2 of U.S. sales are on non-commercial terms.

It is logical to question why some countries have successfully pursued an expansionist policy while the U.S. has followed a policy of retrenchment. To put it another way, our policy of high prices and restrained output has encouraged production in those countries to the long run detriment of the U.S. and U.S. agriculture. Although we cannot dictate the internal policies of other countries, we can discourage increased production by high cost producers either through trade liberalization negotiations or through free and open price competition for available markets.

The U.S. official endorsement of the International Grains Arrangement a year ago, providing for a 20 cents per bushel increase over the minimum price of the previous International Wheat Agreement, may have seemed logical at the time. The final stage of the negotiations occurred in a period when the U.S. and world wheat stocks appeared to be quite low. This apparent shortage, however, proved to be temporary. Currently, world wheat production is considerably in excess of consumption. World prices have been declining and are now about ten percent under the minimum prescribed in the Grains Arrangement Treaty the Senate has been asked to ratify. This is another example of having applied a long range policy to a short term problem. The annual report of the Council of Economic Advisers sent this February to Congress stated, "Primary producers sometimes attempt, through commodity agreements, to raise prices above the long term equilibrium level. They rarely succeed. Maintenance of a price above long term cost requires restrictions on supply; the necessary export quotas are extremely hard to negotiate and to enforce." In my view, this is sound advice from an informed body. It should be followed.

Another reason our commercial exports have failed to expand is due to the fact that we have been unable to compete on equal terms with the other major exporters, chiefly Canada, Australia and France. I am alluding to the very substantial commercial agricultural trade that has developed over the last five years with the Eastern countries. The U.S. participation has been minor. In part, this is due to government prohibition of all trade with Mainland China; in part, it is due to restrictive regulations with respect to most countries in the Soviet Bloc. These include the requirement that one-half the quantity of grain exported be shipped on American flag vessels, if available.

Even if we assume that our policy toward Communist China is correct, I fail to see what we have achieved by restricting commercial trade in non-strategic goods, mostly agricultural products, with such countries as the Soviet Union and some of its Eastern European partners. Other exporters, such as Canada and France, have derived great benefits from these trades. We have not prevented the East from meeting its needs. Actually, we have only denied ourselves an important source of dollar earnings, so vital to our balance of payments.

As stated by the U.S. Council of the International Chamber of Commerce, "Trade by definition does not take place unless benefits accrue to both parties. If one nation refused to participate, insofar as the second party can find another trading partner, the loss is entirely sustained by the country refusing to do business."

Two other important advantages have been given by some of the large grain exporting

nations and have not been available to U.S. exporters: government-backed credit insurance programs and bilateral agreements—though I know the latter are against basic U.S. trade principles.

Government policy has been more progressive in promoting commercial exports of feed grains than of wheat. The soundness of a market oriented price support loan and direct income payments to cooperating farmers has enabled us generally to compete with other exporting countries without the benefit or necessity of export subsidies. Of course, our position is aided by the following factors: the U.S. produces about 50% of the world's major feed crop, corn; and has supplied over 50% of the feed grains traded in the world market. Also, feed grains are consumed mostly in the advanced industrial nations, where consumption of meat and poultry has developed substantially on account of the steady increase in their standard of living. Production of feed grains outside the U.S. has and will continue to increase. Nevertheless, I believe that, if we pursue a policy of reasonable prices, we can maintain our preponderant position in feed grains for many years.

U.S. soybeans are another story. Our production and exports have seen tremendous growth since the end of World War II due to a heavy demand for soybeans and its by-products, and limited competition. No acreage restrictions were placed, and prices have been governed more by international values than by our domestic pricing policy.

Currently, however, U.S. soybeans are overpriced at the support level of \$2.50 per bushel. Exports have slowed down and most soybean oil exports are under concessional terms. The commercial export market has gone by default to competing products, mainly Russian sunflower oil. Under the circumstances, a reduction in the support price of this commodity is warranted.

I would like to make a few remarks concerning non-commercial exports.

Agricultural exports on concessional terms, mostly PL 480 sales for foreign non-convertible currencies or long term credit, are useful as a tool of foreign policy, humanitarian goals, and surplus removal. They have also contributed to commercial market development, since some of our best customers for dollars, Japan and Spain, for example, were once recipients of PL 480 aid. But, as now executed, most PL 480 sales to the developing countries fail to make much contribution to our balance of payments.

In my view more can be done to increase food shipments to the hungry nations of the world without increasing costs to our government. In fact, such shipments can and should make a contribution to our economy. It will not be easy but important problems seldom have simple answers.

Some concessions will be required on our part. For instance, we should consider giving special market access to the goods, mostly those using labor intensively, of the developing countries.

It will take ingenuity to facilitate exchange of our current and potential agricultural surpluses for the goods and services of the hungry. But it can be done; it must be done.

SUMMARY AND RECOMMENDATIONS

I would like now to summarize the few proposals I have made to achieve an expansion of our agricultural trade—so vital to help prevent a severe financial crisis.

The first step is to adopt a positive internationally oriented rather than a restrictive domestically oriented agricultural policy. Our long range thinking should be an expansion of demand rather than a reduction of supply.

We should increase the shift in emphasis for supporting farm income from one of high price supports to one of market oriented price supports, where, as recommended by the President's Food and Fiber Commission, "Price supports be set modestly below a mov-

ing average of world market prices." Direct income payments should be paid to farmers to allow them a decent income.

We should advocate the concept that production of agricultural products on a worldwide basis should fall into the hands of the most efficient farmers. The marginal agricultural producers should be gradually shifted into more productive non-agricultural pursuits. If we wish to export, we should be willing to import goods, even agricultural goods, produced at a cheaper price than others.

Steps should be taken to facilitate and expand commercial trade in farm products with Eastern countries. Trade is the best medium to build understanding and peace with the East.

The huge populations of the developing countries constitute the largest potential demand for our farm products. We must continue our aid programs for humanitarian reasons. But we must also aid these countries to become commercial customers. In order to do so, we will have to lower our own protective barriers. They must have access to our markets.

In the final analysis, the best way to expand sales is to provide a consistently reliable supply of a good product at a reasonable price. Our agricultural policies should be directed to these ends.

The nation has huge underutilized agricultural resources. Conditions require that we direct these resources and our best efforts into effective assets which will contribute to the nation's economic strength and the vitality of its citizenry.

THE FORGOTTEN MAN IN THE MIDDLE: THE NEED FOR TOTAL JOB ESCALATION

HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 28, 1968

Mr. CURTIS. Mr. Speaker, I submit for the RECORD my remarks to the 66th annual meeting of the National Forest Products Association:

It is a great pleasure to appear before this group as a participant on the panel today with Senator Smathers and Mr. Sam Shaffer of Newsweek magazine to discuss the topic "Do We Have A New Forgotten Man?—The American in the Middle". This is a most timely subject, and it embodies several key issues which must be faced. I would like to briefly sketch some basic themes which are pertinent to this topic which perhaps can be developed more fully in our ensuing discussion, as set forth in the paper I prepared for the U.S. Chamber of Commerce Symposium in December 1966, entitled "The Guaranteed Opportunity to Earn An Annual Income".

My first theme, which permeates the others that follow, is that we must return to accentuating the positive aspects and values of our society. Too many Americans in high places today are emphasizing the negative. They are viewing our society through the anxious eyes of a hypochondriac, which aggravates our ills, and blocks efforts to correct them. Attention and study should be given instead to our successes, not to ignore the failures, but rather that from our successes we can see what it is we are doing right and apply that knowledge to eliminating our shortcomings.

My second theme then is to locate and call attention to the keystones of our success as a dynamic society. Certainly one of them is the ability and spirit of the average American working men and women. Their ability to accept challenges and opportunities and keep pace with changes and advances, as well as create them, are worldwide symbols of the